

Message Text

CONFIDENTIAL

PAGE 01 KINSHA 08678 120803Z
ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 /065 W
-----055801 121038Z /13

R 120600Z SEP 77
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC 5715
INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L KINSHASA 8678

E.O. 11652: GDS
TAGS: EINV CG
SUBJ: FURTHER RETROCESSIONS

REF: A. KINSHASA A-29, B. BUKAVU A-5, C. BUKAVU A-2, D. JULY 29
MEMCON WITH WARNER-LAMBERT

1. SUMMARY: ALTHOUGH THERE HAS BEEN NOTHING TO CONTRADICT
EMBASSY ASSESSMENT REF A THAT RETROCESSION AS A POLICY HAS RUN
ITS COURSE, RECENT SETTLING OF THE OIL CLAIMS AND THE CONTINUED
PROCESSING OF PENDING CASES DISCUSSED REFS B AND C, COMBINED
WITH MOBUTU'S JULY 1 PLEDGE TO IMPROVE THE BUSINESS CLIMATE HERE,
WOULD SEEM TO INDICATE THAT IT MAY NOW BE USED AS A TOOL FOR
SELECTIVE IMPROVEMENT OF BILATERAL RELATIONS. RECENT GOZ WILLINGNESS
TO DISCUSS WARNER-LAMBERT'S PIAF CLAIM REPORTED EARLIER AND
ESPECIALLY THE FORMAL DECISION TO RETURN CELZA ARE PARTICULARLY
INDICATIVE OF THIS TREND. END SUMMARY.

2. WELL PLACED BELGIAN SOURCES HERE HAVE CONFIRMED THAT THE
GOZ HAS DECIDED TO RETURN CELZA, ZAIRE'S LARGEST AGRICULTURAL
COMPLEX WHICH WAS FORMED FROM A NUMBER OF NATIONALIZED PROPERTIES.
ALTHOUGH THERE HAS BEEN NO PUBLIC ANNOUNCEMENT AS YET, AND MAY
NOT BE, AGREEMENT HAS ALREADY BEEN REACHED TO RETURN 55 PCT OF
BINGA, THE INDIVIDUAL FIRM PROVIDING 75 PCT OF CELZA'S REVENUES.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KINSHA 08678 120803Z

NEGOTIATIONS ARE UNDERWAY CONCERNING THE OTHER ENTERPRISES THAT
MAKE UP THE COMPLEX, BUT IT IS EXPECTED THAT BETWEEN 50 AND 60
PCT OF EACH WILL BE RETURNED.

3. THE FORMER OWNERS OF CELZA HAVE UNTIL SEPT 15 TO NOTIFY
THE GOZ OF THEIR INTENT TO RETURN AND UNTIL OCT 1 TO HAVE ALL THE
NECESSARY EXPATRIATE PERSONNEL IN PLACE AND OPERATING. LOCAL CELZA

PERSONNEL ARE CONFIDENT THAT WITHIN ONCE YEAR PRODUCTION WILL BE BACK UP TO PRE-ZAIRIANIZATION LEVELS. THEY ARE ALSO CONFIDENT THAT NEW CAPITAL CAN ALSO BE ATTRACTED TO REFURBISH AND IMPROVE THEIR OPERATIONS.

4. COMMENT: ONE INTERESTING ASPECT OF THE RETROCESSION IS THAT DESPITE HIS HAVING TAKEN OVER THE MINISTRY OF FINANCE, FORMER MINISTER OF PORTFOLIO KIAKWAMA HAS REMAINED IN CHARGE OF THE CELZA RETROCESSION, SEEING IT THROUGH TO THE END. ALSO ACTIVELY INVOLVED IN THE NEGOTIATIONS WAS FORMER PRESIDENTIAL ADVISER BISENGIMANA. IN ADDITION, KNOWING THAT THE BELGIAN GOVT NEGOTIATOR WAS THE SAME MAN THAT IS CHARGED WITH HANDLING THE "MARSHALL PLAN" FOR ZAIRE MAY HAVE ADDED AN ADDITIONAL IMPETUS TO ZAIRIAN MOVEMENT TOWARD A SETTLEMENT.

6. CELZA, ALONG WITH THE KDL RAILWAY AND ONE OTHER MAJOR OPERATION HAVE BEEN THE MAJOR STICKING POINTS IN BELGIAN NEGOTIATIONS WITH THE GOZ REGARDING RETROCESSION. EACH OF THE THREE MAJOR CLAIMS WAS WORTH AS MUCH AS THE COMBINED GENERAL CLAIMS, AND THE CELZA PROBLEM WAS COMPLICATED BY THE FACT THAT THE PRINCIPAL BENEFICIARIES OF THE NATIONALIZATION HAD BEEN MOBUTU'S OWN FAMILY. WITH THE DECISION TO COMPENSATE KDL STOCKHOLDERS EARLIER IN THE YEAR AND THE RETURN OF CELZA, RELATIONS BETWEEN THE GOZ AND THE OFFICIAL AND PRIVATE BELGIAN COMMUNITIES SHOULD BE A BIT SMOOTHER. DAVIS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT CLIMATE, FOREIGN RELATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KINSHA08678
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770329-0761
Format: TEL
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770975/aaaaclea.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 53108648-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 KINSHASA A-29, 77 BUKAVU A-5, 77 BUKAVU A-2
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1310823
Secure: OPEN
Status: NATIVE
Subject: FURTHER RETROCESSIONS
TAGS: EINV, CG, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/53108648-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009